

# Workforce News



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**Wasatch Front South: Salt Lake, Tooele**

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## Economic Contraction



### Inside:

- **Salt Lake:** The national economic tsunami rolled over Salt Lake County. Job losses swiftly spread throughout Salt Lake County.
- **Tooele:** Construction continues to be the main drag upon the county's economy. Job losses are significant in this sector.



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The present economic contraction in Salt Lake and Tooele counties arrived in the fourth quarter of 2008. The labor market is now characterized by increasing unemployment and year-over nonfarm job losses, as the economy contracts across the majority of major industrial sectors.

Overall in 2008, the average annual number of payroll jobs increased by just 1,919 to 618,646, increasing by 0.3 percent. In 2007 the aver-

age number of jobs was 616,726 or 22,191 higher than in the previous year.

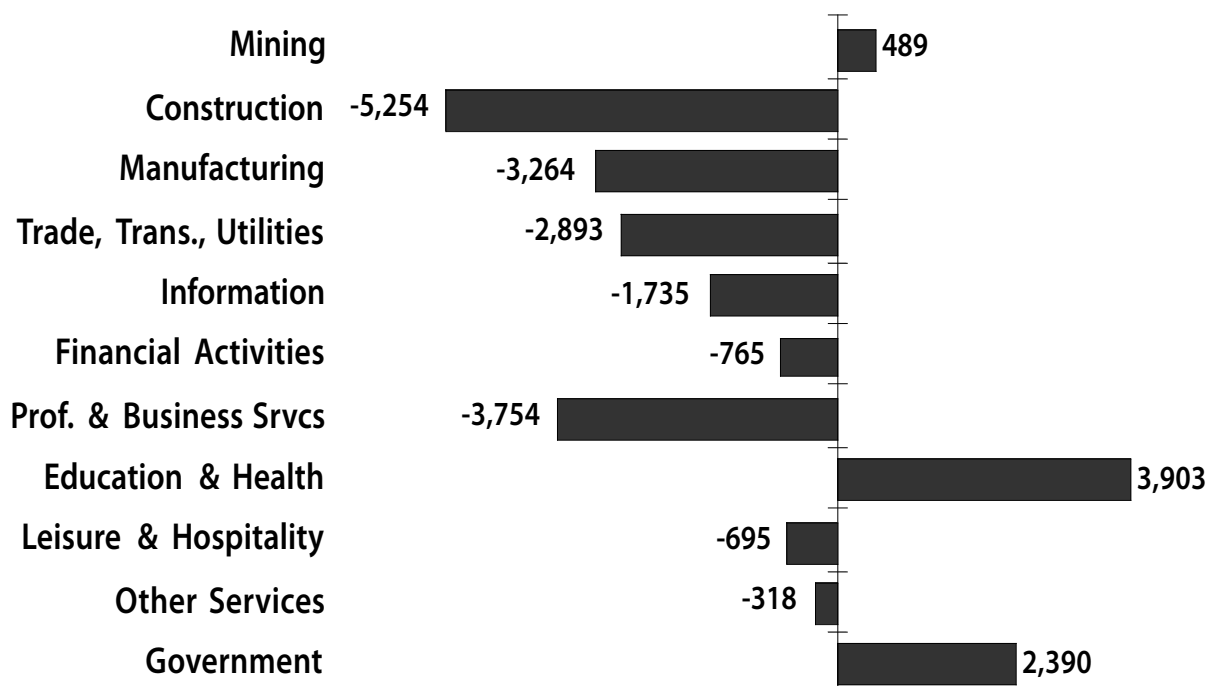
The robust economic expansion of 2005 and 2006 gradually slowed during 2007 and through the first nine months of 2008 in Salt Lake and Tooele counties. At the beginning of 2008, jobs were increasing on a year-over basis by about 2.1 percent, this rate gradually declining to virtually no new jobs by September—with

*(continued)*

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## Economic Contraction (continued)

### Salt Lake and Tooele Counties Change in Nonfarm Jobs: Dec. 2007 to Dec. 2008\*



\* preliminary

Source: Utah Department of Workforce Services.

**2008 Total Change in Nonfarm Jobs: -11,907.**

just a 0.1-percent increase, or 346 jobs, compared to total September employment of 605,759.

Year-over job losses were recorded in the last three months of the year so that by December there were 11,907 fewer jobs than in December of 2007, a decline of 1.9 percent.

The level of unemployment has increased from a very low annual average rate of 2.6 percent in 2007 to average 3.3 percent in 2008. By March of 2009 the seasonally adjusted unemployment rate had increased to 5.1 percent in Salt-Lake/Tooele. There were an estimated 30,150 residents

unemployed in March 2009 compared to 18,580 in March of 2008.

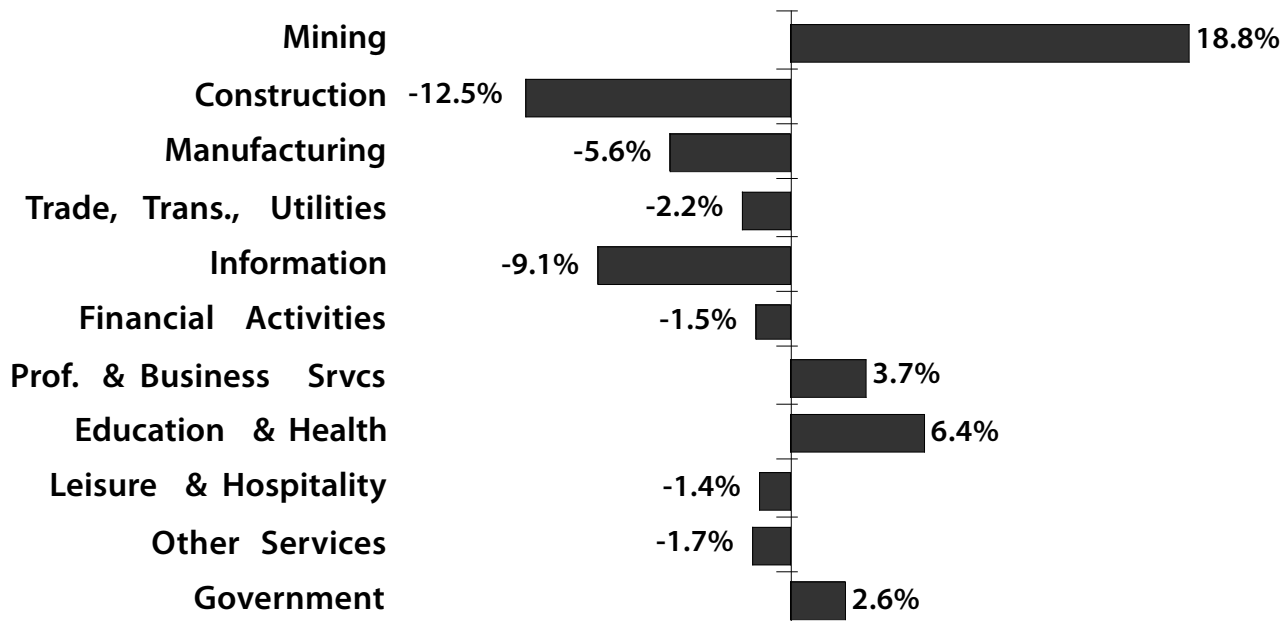
In 2007, employers who had found it difficult to fully staff their enterprises are now finding the labor supply relatively abundant. With just a few exceptions, businesses are now able to easily hire from many qualified applicants for any open positions.

The bursting of the national and local housing bubbles, with sharp declines in construction jobs, has primarily driven the current recession. Construction job losses

(continued)

## Economic Contraction (continued)

### Salt Lake and Tooele Counties Percent Change in Nonfarm Jobs: Dec. 2007 to Dec. 2008\*



\* preliminary

Source: Utah Department of Workforce Services.

**Percent Change in Total Nonfarm Jobs: -1.3%.**

on a year-over basis became apparent at the start of 2008, and became more severe during the year. By December 2008 there were 5,254 fewer construction jobs, or a decline of 12.5 percent, compared to the year before. Industries related to home construction—real estate, finance, manufacturing of construction materials, sales of building material and furnishings—all saw their business deteriorate along with the home construction collapse.

Finally, with the national financial meltdown, most industries were shedding jobs in the fourth quarter of 2008 except for healthcare, education, government and mining.

The labor market outlook for 2009 continues to be contractionary through the first five or six months of this year. Job losses are continuing, but at a slower rate. Unemployment will likely continue to increase, reaching six percent or more by midsummer. With help from national and state stimulus efforts and with the natural propensity of this area to grow and expand, business and employment should stop contracting by the end of summer. **WFN**

# County News

## Salt Lake County

Economically, the fourth quarter of 2008 was not kind to Salt Lake County. The national economic tsunami that followed the collapse of the stock market in late September 2008 rolled over Salt Lake County. The pace of employment growth in the county had largely slowed to zero as the third quarter drew to a close, but the slowing had been somewhat measured and methodical. However, after the stock market collapse, job losses swiftly spread throughout Salt Lake County. The employment count went from no gain in September 2008, to a 1.9-percent contraction by December—the loss of nearly 12,000 jobs in a short three-month span.

This means that industries were impacted in a rapid fashion. The underlying theme of change was that job losses spread into the service-producing side of the economy—the portion that makes up 80 percent of the employment base. The other segment is the goods-producing side, made up of mining, construction, and manufacturing. That section had been in reverse since September 2007, and was the main reason the Salt Lake County economy had slowed throughout 2008. But the service-producing side had been holding its own, thus tempering the overall economic deceleration. The change came when significant job losses moved into the professional and business services sector, retail trade, leisure and hospitality, financial services, and transportation.

This deterioration correspondingly negatively impacted the unemployment rate. Starting with a low rate of 3.3 percent in September 2008, layoffs and closures moved the unemployment rate to 4.0 percent by December 2008, and continued layoffs and closures throughout the first quarter of 2009 have further raised the rate to 5.1 percent by March 2009. This brings the number of people “officially” unemployed in the county to 28,500.

## Tooele County

The fourth quarter of 2008 did not produce as much of an economic contrast from the previous quarter as in Salt Lake County. Led by a construction employment reduction throughout 2008, overall Tooele County employment had contracted by a miniscule 0.1 percent by September 2008. By December, that contraction had barely increased to a 0.2 percent decline—not much change.

Construction continues to be the main drag upon the county's economy. Job losses are significant in this sector, but are being relatively counterbalanced by job gains in manufacturing, education and health services, and government.

The unemployment rate is showing more impact from the overall weak economy, rising from 3.8 percent in September 2008, to 6.0 percent by March 2009. The difference between miniscule change in the job picture and a strong rise in unemployment is that the job count is exclusive to only jobs found in Tooele County, whereas the unemployment rate includes people who live in Tooele County, yet can hold a job in any county (with many holding and possibly losing jobs in Salt Lake County). **WFN**

### For more info:

For more employment information about your county go to: <http://jobs.utah.gov/countyinfo>

Select your county, then go to Labor Market Indicators in the right-hand margin.

# What's Up?

The Salt Lake office of CB Richard Ellis today reported that demand for **office space** softened in this year's first quarter as the office vacancy rate climbed to 14.2 percent (excluding sublease space) in **Salt Lake County**, up from 13.7 percent compared to the fourth quarter and up from a 12.1 percent vacancy rate in the first quarter of 2008. As of March 31, there were approximately 4.9 million square feet of available office space in Salt Lake County, up from 4.5 million square feet of available space in the fourth quarter. Scott Wilmarth, senior vice president with CB Richard Ellis, said the amount of available office space in the Salt Lake area will continue to increase this year as businesses downsize and the unemployment rate rises.

—*Utah Business Magazine*

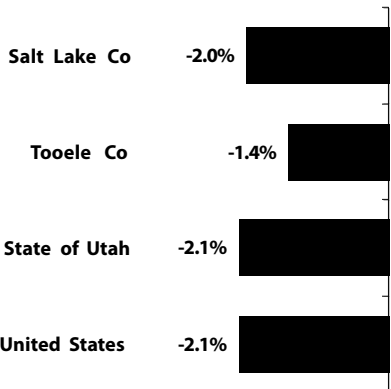
**Gas prices across Utah** jumped more in the past month than any other state in the Intermountain West, according to the latest report from AAA Utah. According to AAA Utah, which tracks gas prices as a service to consumers, Utah's average price for a gallon of regular, self-serve gasoline is \$1.98. This is 22 cents higher than last month's report on March 10. Twenty-two cents is the greatest increase in prices for one month in all of the Intermountain West. Utah prices rose from being the second lowest average price in the country last month to the 18th lowest.

—*Utah Business Magazine*

Salt Lake City gained approval from the U.S. Department of Commerce to reorganize its **foreign trade zone**, a site that can reduce duties and simplify commerce procedures. The new zone will occupy 55 acres at 1105 S. 4800 West. The city's previous site, at the International Center, has been inactive since 1995. Bob Farrington, the city's economic development director, believes the new FTZ will succeed for two reasons. The city has contracted with The Rockefeller Group to operate the zone, and Farrington believes the firm's expertise in customs and tax issues will make business flow smoothly.

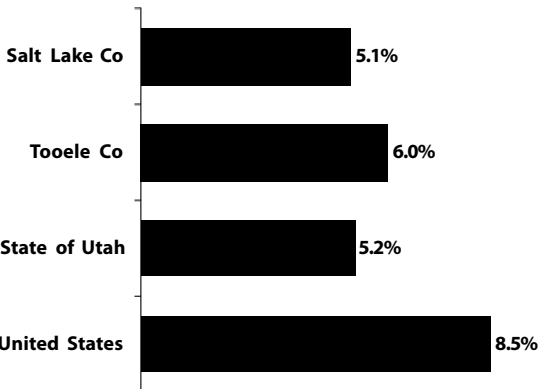
—*Salt Lake Tribune*

**Percent Change in Nonfarm Jobs  
December 2007 to December 2008**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

**Seasonally Adjusted Unemployment Rates  
March 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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